AT&S
First choice for advanced applications
Conference Call – Q1 2019/20
August 02, 2019
FIRST CHOICE
FOR
ADVANCED
APPLICATIONS
Highlights
Q1 / 2019/20
PCB & IC substrates market – Overview

Forecast for the total PCB & IC substrates market until 2024: CAGR of 5.6%

- **IC substrates**
  - Networking and AI processors trigger demand for high-value IC substrates
  - Cloud computing drives data center expansions
  - Increase in server demand
  - Processor heterogeneous integration drives further increase in IC substrate unit size and the number of substrate layers

- **Automotive**
  - Despite a temporary slowdown, future growth is strongly driven by autonomous driving (e.g. RADAR, LIDAR, cameras, …), “Vehicle-to-X” communication modules and power module PCBs for electrification

- **Consumer**
  - Wireless connectivity of smart devices enabling IoT drives need for high-end PCBs and substrates for module applications

- **Communication**
  - Despite a flat development in 2019 smartphone unit sales, high-end PCB demand for mainboards and modules will grow due to additional functionalities like 5G, AI and sensors
  - 5G infrastructure will increase demand PCBs and substrates for mainboards as well as modules
Highlights in Q1 2019/20

Solid quarter despite strong seasonality and challenging environment

- Revenue flat at € 222.7 million
  - Diversified product, technology and customer portfolio supported to compensate for market fluctuations
  - Strong demand for IC substrates
  - Robust development of Medical & Healthcare
  - Demand in Mobile Devices and Industrial subdued

- EBITDA lower at € 34.9 million
  - Previous year period was impacted by positive product mix
  - Due to challenging market environment
    - Strong seasonality in Mobile Devices as well as market-related underutilization
    - Weaker demand in Automotive and Industrial
    - Lower manufactured value due to seasonality and visibility
  - As preparation for future applications higher R&D expenses (run-up costs for modularization, miniaturization and future applications)
  - EBITDA margin at 15.7% (PY: 23.4%)

- EBIT at € (0.6) million in line with EBITDA
FIRST CHOICE FOR ADVANCED APPLICATIONS
Revenue and EBITDA development

Revenue and EBITDA impacted by seasonality and market environment

Revenue split by segment: Q1 2019/20
- Mobile Devices & Substrates: 35%
- Automotive, Industrial, Medical: 65%

Revenue split by region*: Q1 2019/20
- Americas: 66%
- Germany/Austria: 7%
- Other European countries: 18%
- Asia: 9%

*based on customer’s headquarters
IC substrate continued to grow due to higher value portfolio and rising sales volume

Due to stronger seasonality lower demand for Mobile devices and market-related underutilization

Unfavorable product mix and low visibility impacted first quarter earnings
### Business Development – Automotive, Industrial, Medical

<table>
<thead>
<tr>
<th>€ in millions (unless otherwise indicated)</th>
<th>Q1 2018/19</th>
<th>Q1 2019/20</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>89.6</td>
<td>88.1</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Revenue with external customers</td>
<td>83.3</td>
<td>78.9</td>
<td>-5.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12.0</td>
<td>10.9</td>
<td>-9.2%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>13.4%</td>
<td>12.4%</td>
<td></td>
</tr>
</tbody>
</table>

- Medical & Healthcare continued to show good demand
- Weaker market-related demand in Industrial
- Overall challenging market environment in Automotive

### Revenue* and EBITDA

<table>
<thead>
<tr>
<th>Q1 2018/19</th>
<th>Q2 2018/19</th>
<th>Q3 2018/19</th>
<th>Q4 2018/19</th>
<th>Q1 2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>83.3</td>
<td>84.3</td>
<td>85.0</td>
<td>86.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12.0</td>
<td>12.4</td>
<td>13.9</td>
<td>14.4</td>
</tr>
</tbody>
</table>

€ in millions; * Revenue with external customers
## Financials Q1 2019/20

### STATEMENT OF PROFIT OR LOSS

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>Q1 2018/19</th>
<th>Q1 2019/20</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>222,081</td>
<td>222,739</td>
<td>0.3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>51,996</td>
<td>34,905</td>
<td>(32.9%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>23.4%</td>
<td>15.7%</td>
<td>(7.7pp)</td>
</tr>
<tr>
<td>EBIT</td>
<td>18,323</td>
<td>(562)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>8.3%</td>
<td>(0.3%)</td>
<td>(8.6pp)</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>1,703</td>
<td>(1,739)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>13,549</td>
<td>(6,204)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€ 0.30</td>
<td>(€ 0.20)</td>
<td>(&gt;100%)</td>
</tr>
</tbody>
</table>

- **Supported by IC substrates and Medical & Healthcare**
- **Unfavourable product mix, lower manufactured value and R&D costs for future applications**
- **Lower due to FX effects**
## Financials Q1 2019/20

### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>31 Mar 2019</th>
<th>30 Jun 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>803,451</td>
<td>759,304</td>
<td>(5.5%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,784,106</td>
<td>1,774,855</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Net debt</td>
<td>150,258</td>
<td>208,626</td>
<td>38.8%</td>
</tr>
<tr>
<td>Net working capital</td>
<td>160,537</td>
<td>156,608</td>
<td>(2.4%)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>45.0%</td>
<td>42.8%</td>
<td>(2.2pp)</td>
</tr>
</tbody>
</table>

- Negative FX effects and lower earnings
- Higher capex and impact of IFRS 16
## Financials Q1 2019/20

### STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>Q1 2018/19</th>
<th>Q1 2019/20</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>4,585</td>
<td>28,505</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(21,614)</td>
<td>(63,745)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>1,230</td>
<td>(2,710)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>(15,799)</td>
<td>(37,950)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Operating free cash flow(^1)</td>
<td>(12,497)</td>
<td>(21,173)</td>
<td>(69.4%)</td>
</tr>
<tr>
<td>Free cash flow(^2)</td>
<td>(17,029)</td>
<td>(35,240)</td>
<td>(&gt;100%)</td>
</tr>
</tbody>
</table>

1) Cash flow from operating activities minus Net CAPEX  
2) Cash flow from operating activities minus cash flow from investing activities

- Mainly due to increase in trade payables
- Higher net capex main driver
- Result of higher net capex
Net CAPEX

Investment in IC substrates capacity main trigger for YoY growth

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX in € millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>164.8</td>
</tr>
<tr>
<td>2015/16</td>
<td>254.3</td>
</tr>
<tr>
<td>2016/17</td>
<td>240.7</td>
</tr>
<tr>
<td>2017/18</td>
<td>141.7</td>
</tr>
<tr>
<td>2018/19</td>
<td>100.8</td>
</tr>
<tr>
<td>Q1 2018/19</td>
<td>17.1</td>
</tr>
<tr>
<td>Q1 2019/20</td>
<td>49.7</td>
</tr>
</tbody>
</table>

€ in millions
Headcount
Capacity extensions require more staff

* incl. contractors, FTE, average for the period
FIRST CHOICE FOR ADVANCED APPLICATIONS

Investment in the future of AT&S
AT&S initiates next growth step
IC substrates business becomes an even more important pillar

- Future high-performance computing modules drives the technological demands on all components of the modules including IC substrates
- Production of IC substrates for high-performance computing modules
  - Construction of a new plant in Chongqing and expansion of the location in Leoben
- Close cooperation with a leading semiconductor player
  - will drive future technology development and implementation
  - should support mitigating the investment risk
- Investment volume of up to one billion euro planned for the next five years
- Start of production in the new plant in Chongqing end of 2021
Drivers behind the investment
Globally generated data grow by more than 30% p.a. until 2025

- Explosive growth of data
  - Smart applications and devices with an increasing number of low cost sensors
  - Decreasing storage costs per Giga Byte due to memory technology advances
  - Data sharing (entertainment, office and production automation) enabled by higher data rates, bandwidth (3G→4G→5G)
  - Autonomous driving generates a flood of data due to necessary applications like RADAR, LIDAR...

- Artificial Intelligence introduces machine learning for more efficient data processing and automation and requires further dedicated „AI processors“
AT&S operating successfully in China

Industry best-in-class for ramping new technologies and facilities

- Since 2001 plant in Shanghai for high-end HDI
- Since 2013 site in Chongqing with two plants for IC substrates and new technologies
- First high-end IC substrates manufacturer in China
- SLP main trigger for becoming No 1 at high-end PCBs
- ~7,000 employees in China
Facts & Figures – Segment Mobile Devices & Substrates

Revenue nearly doubled over the last five years

- Significant growth generated by the segment Mobile Devices
- Worldwide Market leader in high-end printed circuit boards (HDI, High Density Interconnect)
- Close collaboration with market and technology leader
New plant in Chongqing
One of the most modern IC Substrate plants in the world

- Manufacturing floors space of 65,000 m² (equals nine football pitches)
- IC substrates for HPC modules demand clean environment
  - Fulfills highest design standards to guarantee necessary product quality
  - High portion of cleanroom ➔ level of semiconductor production
  - Any vibration (from machines, humans...) must be avoided
  - Special building construction
- Respective substrates panel show 30 million laser drilled holes
  - Structure is reduced to 3µm (a hair ~80µm)
Securing profitable growth in tomorrow

Medium-term guidance

- Step towards module integration and “More than AT&S”
  - Group revenue to double to €2 billion (CAGR of roughly 15%)
  - EBITDA margin of 25% to 30%
  - ROCE target above 12%

- Significant financing capabilities and solid finance structure to manage the investment
  - Strong operating cashflows
  - High level of existing liquid funds (e.g. promissory note loan)
  - Continuous optimization of financing structure
More than AT&S
Broadening the service range and opening up of new business opportunities

- Technology
- Innovation power
- Clear focus on dedicated applications

Printed circuit boards
Leading producer of high-end PCB

IC substrates
One of the leading producers

mSAP / SLP
Technology leader

PCBs/substrates for modules
High growth potential

Substrates for HPC modules
Diversification of application and customer portfolio

Module integration services
Build-up of additional capabilities

Leading provider of interconnect solutions
Outlook for 2019/20
Revenues and EBITDA outlook continues to be confirmed

- Volatile and currently weaker market environment for mobile devices, in the Automotive and Industrial segment causes low visibility
- On an annual basis the Management Board expects revenue to remain stable and an EBITDA margin in the range of 20 to 25%
- Investment (CAPEX) activity in the current financial year
  - Maintenance investments and minor technology upgrades in the amount of € 80 to 100 million
  - Depending on the market development, an additional € 100 million for capacity and technology expansions
  - Investments in IC substrates increase from € 80 million up to € 180 million
Thank you for your attention!
Disclaimer

This presentation is provided by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, having its headquarter at Fabrikgasse 13, 8700 Leoben, Austria (“AT&S”), and the contents are proprietary to AT&S and for information only.

AT&S does not provide any representations or warranties with regard to this presentation or for the correctness and completeness of the statements contained therein, and no reliance may be placed for any purpose whatsoever on the information contained in this presentation, which has not been independently verified. You are expressly cautioned not to place undue reliance on this information.

This presentation may contain forward-looking statements which were made on the basis of the information available at the time of preparation and on management’s expectations and assumptions. However, such statements are by their very nature subject to known and unknown risks and uncertainties. As a result, actual developments, results, performance or events may vary significantly from the statements contained explicitly or implicitly herein.

Neither AT&S, nor any affiliated company, or any of their directors, officers, employees, advisors or agents accept any responsibility or liability (for negligence or otherwise) for any loss whatsoever out of the use of or otherwise in connection with this presentation. AT&S undertakes no obligation to update or revise any forward-looking statements, whether as a result of changed assumptions or expectations, new information or future events.

This presentation does not constitute a recommendation, an offer or invitation, or solicitation of an offer, to subscribe for or purchase any securities, and neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. This presentation does not constitute any financial analysis or financial research and may not be construed to be or form part of a prospectus. This presentation is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.